CPUC/CEC Workshop:

1990 electricity sector baseline, Current entity-specific GHG emissions levels and Policy issues related to allowance allocation

June 22, 2007
California Energy Commission, Hearing Room A
1516 Ninth Street Sacramento

Agenda

10:00 am to 10:15 am	Introductions, Purposes of Workshop, and Agenda **Julie Fitch, California Public Utilities Commission** **Karen Griffin California Energy Commission**
10:15 am to 10:45 am	Presentation by ARB and clarifying questions, plus parties' open issues on ARB's development of the 1990 baseline • Presentation by ARB • Discussion
10:45 am to Noon	Discussion of current entity-specific GHG emissions levels for modeling purposes and as a factor in entity-specific allowance allocations • CCAR methodology • CEC methodology
Noon to 1:00 pm	LUNCH BREAK
1:00 pm to 2:30 pm	Continue discussion of current entity-specific GHG emissions levels
2:30 pm to 2:45 pm	Break
2:45 pm to 5:00 pm	Discussion of policy issues related to entity-specific allowance allocation
End of Day	Wrap-up and Next Steps

This workshop will address 3 topics:

1. The California Air Resources Board's process for development of the **1990 emissions baseline**, and related underlying assumptions for the electric sector;

2. "Current" entity-specific GHG **emissions levels**; and

3. Policy issues related to entity-specific GHG emission **allowance allocation**.

Focus is on "current" emissions levels and allocations to implement a load-based cap

Topic #1:
1990 Emissions Baseline

1990 GHG emissions for the electricity sector are being addressed in ARB's current rule-making.

- Presentation by ARB
- Discussion
  - Are there any electricity sector-specific issues that may warrant submission of joint CPUC/CEC recommendations to ARB?
  - Have these issues been raised at ARB?

Topic #2: Current Entity-specific GHG Emissions Levels

- This data will be used for modeling purposes and may be a factor in entity-specific allowance allocations

Possible approaches to establishing “current” entity-specific emissions in the electric sector

- One starting point for those entities which voluntarily participated in the CCAR in 2004, 2005, or 2006, may be the data reported to the CCAR.
- A second possible starting point for estimating current entity-specific emissions may be the SB 1305 Power Source Disclosure data collected and maintained by the CEC.
- An alternative may be application of the methodology in the joint staff GHG reporting protocol (June 12, 2007) to “current” entity-specific emissions.

Questions regarding the California Climate Action Registry (CCAR) and current entity-specific GHG emissions

6. If you are a load-serving entity, are you a member of the CCAR?
7. If you are a member of the CCAR, please identify the years for which you have provided complete emissions data to CCAR, and how you are updating any outstanding information needs of CCAR.
8. How much of your GWh and emissions inventory are from unspecified purchases?
   - Which of the measurement options did you use to estimate the emissions factor for unspecified purchases?
   - Parties should understand that the rules for counting unspecified purchases may change, so what they reported to the CCAR may not be the final version of their post-2003 emissions.
9. What recommendations do you have for calculating early action credits that should be included in the allocation?
10. If you believe that other modifications to the CCAR reporting conventions should be for adopted to identify current entity-specific GHG emissions, please (1) state each reason for your opinion and (2) recommend how the issue you identify can be addressed.

Questions regarding the CEC and current entity-specific GHG emissions

- A second possible starting point for estimating current entity-specific emissions may be the SB 1305 Power Source Disclosure data collected and maintained by the CEC.
  - Although some information reported under the SB1305 program is voluntary, most investor- and publicly-owned utilities participated.
  - Retailers reported specific purchases and used CEC-supplied estimates for the net system power content for non-specific source resources.
  - The CEC estimated net system power content as the gross system lower mix less the claims of specific purchases and self generation.

Possible workable solutions

1. Is CCAR data for those who participated, and SB1305 Net System Power data for those who did not, participate in the Registry sufficient to be used in the modeling project?

2. An alternative may be application of the methodology in the joint staff GHG reporting protocol (June 12, 2007) to “current” entity-specific emissions.

Questions about selection of “current” period

1. How should the “current” period be defined for the purposes of establishing “current entity-specific GHG emissions” in the electric sector (i.e, one specific year, or a multi-year period)? Please provide supporting rationale for your recommendation.
2. If a single year is selected, which year should it be and why?
3. Are there characteristics of the electricity sector which suggest that a multi-year average would be a better starting point, such as weather and hydro availability variations? If so, which year(s) would you recommend?
4. Regardless of which current year or years we choose, some providers will have had unusual conditions in that year. How should such “unusual conditions” be defined or limited? What adjustments, if any, should be made for providers with “unusual conditions”?

Topic #3:
Policy issues related to entity-specific allowance allocations

1. **If GHG allowances are administratively allocated to retail service providers, what are the pros and cons of basing allocations on:**
    - Historic emissions
    - MWH sales
    - Demographics -- population served, regional growth, etc.
    - Should some fraction be auctioned?
2. **In addition to the general approach, should any specific adjustment factors be considered** – e.g.,
    - Commitments to long term contracts
    - Adjustments for large-scale hydro entitlements
    - Adjustments for QF commitments
3. **To what extent should differing levels of regulatory mandates (e.g., for renewable portfolio standards, energy efficiency investment, etc.) be taken into account in determining entity-specific obligations going forward?**

Allocations - Continued

4. Should the allocation formula change over time?
   – E.g., a formula weighted to historic emissions in the early years, evolving to a formula weighted to load or demographic factors in later years
5. If allocations are based on load, population, or other evolving factors, how often should the allocations be updated?

6. What method should be used to assign emissions to imports for the purpose of allocating allowances to retail service providers? Should the same method used to assign emissions to imports in setting “current” emissions also be used for allocations in future compliance periods ?

Administrative issues

- **Confidentiality:**

  Publicly available data on contracts between generators and retail providers, and other entity-specific information is limited. Is the publicly available information sufficient to allocate the emissions from a generator to retail providers for the purposes of establishing "current entity-specific GHG emissions"? If the publicly available information is not sufficient, how can the possible need for confidentiality be addressed while maintaining a transparent process?

- **Modeling:**

  How many allocation scenarios can realistically be tested in the modeling being done for this docket? What are the main elements of three or four scenarios that would bound the analysis and best inform decision-makers?

End-of-Day:
Wrap-up and Next Steps